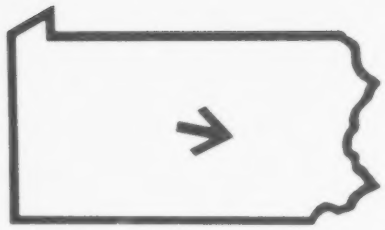

No Break in the Clouds Yet

The first quarter of '82 was rather a painful one for Pennsylvania's economy. In the last quarter of 1981, this state had averaged 5,005,000 persons at work; but the average for the first quarter of 1982 dropped an estimated 186,000 to 4,819,000. Although there had been some lift in February, the level of employment fell again in March.

Unemployment peaked in January. A mild drop in February was occasioned by the spurt of extra employment strength; but the further drop that occurred in March must be attributed to the many people who stopped actively looking for work in that month.

The number of first claims for unemployment benefits shot up in March. Part of the rise resulted from a quirk in the calendar. The first three days of any week are busy days for claim filing; and this year March had five of each. But this year the number of claims rose in March, a month in which it typically drops. While some of the increased claims load is accounted for by the calendar variation, obviously some also reflects recession damage — providing a measure of layoffs of people who previously had held jobs. Still, to date the claims level isn't quite so high as it was at the worst of the previous recession, in May 1980.

The nonmanufacturing industries continue to hold their jobs quite steadily, as they have since the middle of 1981. Month-to-month fluctuations have been narrow. In March this year, there were actual job gains, but not enough to match the usual seasonal increase. As a result, the adjusted index dipped, but the dip did not take the level of the index below its previous range of fluctuation.

Manufacturing jobs are another matter. In March, Pennsylvania factories employed the fewest wage and salaried workers for any month in more than twenty years. Even so, Pennsylvania continues to be more factory-intensive in its jobs than is the Nation, which also has lost manufacturing jobs. As of March, the remaining U.S. manufacturing jobs amounted to only 21.3 percent of all nonagricultural jobs (19,352,000 out of 90,822,000). In the same month, these jobs amounted to 26.5 percent of Pennsylvania nonagricultural jobs (1,214,900 out of 4,583,000). Pennsylvania could lose another 238,550 jobs from this industry group before matching the nation's percentage. Pennsylvania's factories lost in the relatively mild recession of 1969-70 and again very late in the more severe recession of 1973-75. In each of the last two recessions the drop in the seasonally adjusted manufacturing job index was only half as bad as it had been in each of the earlier two.

This may not be such a wretched performance at that, in view of the fact that the current recession is being described as a "manufacturing recession," and is rather severe. Its depth and duration are substantial; but even though its effects have rippled out, it is peculiar in that it is still much more narrowly diffused among industries and geographical areas than recessions typically are, according to Geoffrey Moore, director of the Center for International Business Cycle Research at Rutgers University.

The steel industry is a case in point. There is no letup in its relentless decline. In March, Pennsylvania mills turned out a daily average tonnage of only 41,700 tons, the least on record except during strike periods. March production represented an annual rate of only 14 million tons — about half the production of an ordinary year. Pennsylvania's share of U.S. steel production dropped to a record low point of 16 percent. The fewest workers on record are now being employed in the primary metals industries as a group. Preliminary weekly production reports for April are not encouraging. In short, hopeful signs are few and far between. Sales of new cars did pick up a little in the middle of April, and truck sales are presently not too bad. There are slight signs that the recession may be abating in industrialized foreign countries; and then there is defense spending, which is beginning to count for more than it did a year ago. By and large, though, the demand for steel has hardly ever been worse than it is currently, because virtually all major sectors of it are weak at the same time.

One small uptick for Pennsylvania occurred in construction in March. Slight improvement in contracts awarded for residential building and utility construction

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College of Business Administration The Pennsylvania State University **May 1982**

offset a weaker situation in contracts for commercial and industrial buildings. Nationally, there are slight stirrings of activity in housing starts.

Consumer spending is the biggest single factor in supporting an economic expansion. The fact that the consumer price index actually declined in March, coupled with prospects of a tax cut for personal income on July first and of increased Social Security benefits, should strengthen consumer ability to spend.

Against that, however, are the incentives to save, which are strong. A while back, many people regarded the value of and potential appreciation of their real estate holdings as their principal savings. They also thought that if they didn't buy something today it would cost more tomorrow. So there was a certain incentive to shave other savings pretty thin and to go on buying. Now the inflationary psychology seems to be breaking a bit, real estate values are stabilizing, and returns on some other types of investment are still attractive. Also, the recession has shaken the consumer's confidence and made him cautious. So there is plenty of incentive to save. It is not known which way or how far the saving-spending seesaw will tip; but competition for available funds could diminish the boost that consumer spending can be expected to give the economy in the near future.

The other main factor in supporting an economic expansion is capital spending: spending for new plant and equipment. That is not likely to help for quite a while. Borrowed money is still expensive, profits are way down, and businesses are not likely to expand or remodel and re-equip when they are using only about two-thirds of their present operating capacity. Even though tax incentives were made available to business last year, the capital spending process is a long one. Merrill Lynch believes that factory operating rates and customer demand count for more in the spending decision than do increased tax incentives.[1]

At present, the main hope for improvement in Pennsylvania's economy lies with the startup of seasonal summer activities. If this type of activity is as good as usual, that will show that, over-all, the current recession is not damaging the economy further. If the startup proves weak, and the job additions are fewer than one would expect from past experience, then it is. Chances of extra strength developing look pretty slim. — *A. E. Warne*

[1]Quoted in *Tracking a Trend*, Wall Street Journal, 4/27/82, p. 56.

Economic Activity in Pennsylvania

	1982 Feb.	1982 Mar.	1981 Mar.	Seasonally Adjusted Indexes (1977 = 100.) 1981 Mar.	1982 Feb.	1982 Mar.
Pennsylvania Industries:						
Nonagricultural industries, total no. of wage and salaried jobs in (thous.)	4,579*	4,584	4,701	103.6	101.7*	101.1
Nonmanufacturing: No. of wage & salaried jobs in (thous.)	3,346*	3,364	3,399	106.7	106.0*	105.7
Manufacturing:						
No. of wage and salaried jobs in (thous.)	1,228*	1,215	1,294	96.9	92.1*	91.0
Hrs. worked by prod. workers in, ave. wkly.	40.0*	38.6	39.4	100.1	101.6*	98.1
Total factory man-hours worked (mil. wkly.)	33.1*	32.5	36.1	94.3	86.8*	84.9
Total factory payrolls (mil. $ wkly.)	283.3*	277.0	293.8	131.1	127.1*	123.7
Steel production (thous. tons)	1,242	1,293	2,477	105	60	54
Industrial electric power sales (mil. kwh)	3,703	3,637	3,954	104	98	96
Mining:						
Anthracite (thous. net tons)	508	613	548	105	131	118
Bituminous coal (thous. net tons)	6,815	n.a.	6,661	97	112	n.a.
Construction contracts awarded, value ($ mils.)						
Total	238.9	573.4	444.0*	118*	144	156
Residential building	49.9	135.4	125.1*	71*	57	76
Other building	80.4	189.0	260.0*	187*	150	132
Nonbuilding (utilities and public works)	108.6	249.0	58.9*	79*	281	319
Employment of Pa. Residents						
Employed, total number in (thous.)	4,850	4,827	5,042	106.0	102.4	101.5
Unemployed:						
Total number in (thous.)	598	572	432	102.2	137.9	136.9
Rate (percentage of labor force)	11.0	10.6	7.9	—	—	—
Rate, seasonally adjusted	10.1	10.1	7.4	—	—	—
Civilian labor force, number in (thous.)	5,448	5,399	5,474	105.7	105.1	104.3
General Business Activity						
Bank debits, percentage change in dollar volume of:						
From previous month		− 1.0				
From same month, previous year		+26.4				

Notes:
* = Figure revised n.a. = Data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST

Data on employment have been revised to first quarter 1981 benchmarks.

Introducing the New Sharon Metropolitan Area

This issue introduces a new area to our coverage of local business conditions. Mercer County, Pennsylvania, has recently been designated as the Sharon Standard Metropolitan Statistical Area. Because more detailed statistical analyses are kept for SMSAs than for nonmetropolitan areas, we are now able to add this area to our local series, reviewed quarterly in "Around the State."

Sharon is located in the Appalachian Plateau Province in the western part of the state. Its major industry is primary metals, but it is not a "basic steel" economy, such as nearby Youngstown-Warren, Ohio. It also has substantial mining and agricultural sectors.

The land

Mercer County, one of the state's western tier counties, borders on the Ohio state line. It is bisected east-west by the Keystone Shortway (Interstate 80) and north-south by the Erie-Pittsburgh-West Virginia Expressway (Interstate 79). Thus, highway access is good, and therefore a number of trucking firms have their base here.

Limited reserves of bituminous coal and crude petroleum underlie the extreme western flank of the county. During 1980, 579,319 tons of soft coal were mined, ranking Mercer County 17th among the state's 27 coal-producing counties. Also, 3,529 barrels of oil flowed from its wells in 1980, ranking it 17th among the 19 counties that produce oil.

In agriculture, Mercer County was the state's second leading producer of oats in 1980 and ranked sixth with Tioga and Centre counties in the production of sheep and lambs in 1981. An estimated 1580 farms produced cash receipts totaling more than $29.8 million during 1980, approximately 68 percent of which was derived from sales of livestock products.

The industrial heart of the Sharon SMSA is located around the adjoining cities of Sharon and Farrell, their respective contiguous boroughs of Sharpsville and Wheatland, and the surrounding Hermitage Township. The boroughs of Greenville and Grove City, in opposite corners of the county, also contain a number of manufacturing establishments. The approximately 128 manufacturing establishments in the county employed an average 16,900 persons and paid out $318.0 million in wages and salaries in 1979.

The people

In 1980, Mercer County, in population the 25th largest county in the state, had 128,299 residents. That is up 0.8 percent from its 1970 population of 127,225. Like other SMSAs, the central city of Sharon lost population during this time, from 22,653 in 1970 to 19,057 in 1980, while the population outside the central city increased from 104,572 to 109,242.

Sharon's monthly average civilian labor force included 55,700 persons in 1981. This figure has increased steadily since 1971 when it stood at 48,800. Furthermore, in the first quarter of this year, it increased by another 1,300 persons to 57,000.

In contrast to the steady rise in the size of the labor force, employment ebbs and flows. In 1971, monthly total employment in Mercer County averaged 45,800 workers; the average increased to 48,600 in 1974, despite the 1973-75 recession; then dipped to 46,300 in 1975 as that recession ended. After that it rose steadily, through the recession of 1980 and the onset of the 1981 recession, to 50,900 in 1981. The seasonally adjusted index for total employment in the Sharon area shows that, in the last two months of 1981, an unseasonal decrease occurred in employment, which usually increases for the Christmas season. This decline continued through the first quarter of 1982 with a small rise in February and a falling back in March. After the severe 1973-75 recession, it took Sharon about 15 months to even start to recover. After the brief 1980 recession, there was some immediate recovery, but the previous peak was not regained until 13 months later — just in time for the 1981 recession.

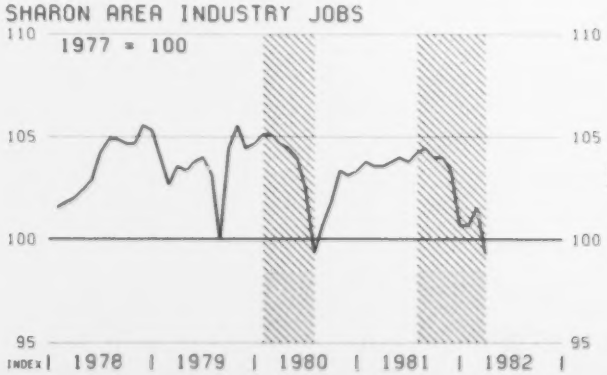
During the eleven-year period 1971-81, monthly average unemployment in Sharon ranged from a low of 2,800 persons in 1972 and 1973, representing 5.6-5.7 percent of the civilian labor force, to a high of 5,000 persons in 1975, or 9.8 percent of the civilian labor force in that year. During the past year, unemployment amounted to 8.7 percent. It increased steadily from 3,500 persons in April 1981 to 9,000 persons in January 1982. By March of this year, unemployment had

SHARON AREA[1]

	Ave. mo. value 1 Q. '82	Average monthly index seas. adj. (1977 = 100) 1 Q. '82	4 Q. '81	1 Q. '81
Employment (in thousands)				
Employed, no. of residents	48.3	102	105	106
Unemployed, no. of residents	8.7	209	145	102
Civilian labor force, no. in	57.0	110	108	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	44.9	101	103	104
Nonmfg. only, no. jobs in	29.9	105	106	105
Mfg. only, no. jobs in	15.0	92	96	101
Industrial electric power sales	***	97	108	115
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	0.6	***	***	***
Nonresidential bldg. contracts only	1.2	***	***	***

[1]Mercer County

SHARON AREA INDUSTRY JOBS



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dropped back to 8,400 persons, but appeared to be still very feverish.

Monthly averages for a year hide the erratic nature of Sharon's labor market. The monthly figures for employment, unemployment, and industry jobs are extremely volatile due to an unpredictable pattern of layoffs and recalls in the local industries, especially the durable goods industries, which account for the largest percentage of jobs among the major industry groups. Also, employment is quite seasonal in nature. It peaks in June and July at a point nearly 2 percent higher than an average month in any year, and falls about 2 percent lower in February. Thus the swing over the year for seasonal reasons alone is nearly 3.8 percent.

Manufacturing

Sharon's major industry is primary metals. Sharon Steel, the largest plant in this group, is a specialty plant, while the other primary metal plants produce pipes and tubes. Other large plants in the area include Westinghouse, which produces transformers, and Greenville Steel Car. In addition, the Sharon economy is helped somewhat by the General Motors plant at Lordstown, Ohio, and the Packard Electric plant just across the state line.

Sharon's labor market is usually more stable than that of nearby Youngstown-Warren, Ohio, which is more dependent on basic steel and where some major plant closings have occurred. Furthermore, the economy of Mercer County has become more diversified in the past decade. Whereas durable goods industries accounted for 43.5 percent of all jobs in 1971, they accounted for only 32.3 percent of all jobs in 1981, and the number of jobs in this industry group declined from 18,400 in 1971 to 15,100 in 1981. At the same time, jobs in nonmanufacturing industries have increased from 22,900, or 53.9 percent of all area jobs in 1971, to a high of 30,600, or 65.4 percent of all area jobs in 1981. The largest gainer was services, which gained 3,000 or 5.2 percent of all nonagricultural jobs in the county during this time. However, in the first quarter of 1982, both manufacturing and nonmanufacturing jobs were down — manufacturing stood at 15,000 and nonmanufacturing at 29,900. These decreases were more than seasonal.

Despite the trend toward diversification, the irregular vacillations in nonagricultural employment persist in Sharon. A strike at Westinghouse in July 1979, affecting 2,000 workers, brought the seasonally adjusted index for August of that year down to 100 from 104 in June, after which the index climbed to a high of 105 that October. However, scattered layoffs in both manufacturing and nonmanufacturing brought the index down to 99 in July of 1980, the month in which the brief recession of 1980 ended. The index again climbed to 104, which it reached last July, but, with the onset of the current recession, it declined and once again stood at 99 in March.

— Norma Gavin Pappas

INDUSTRY JOBS BY ESTABLISHMENT AND TOTAL CIVILIAN LABOR FORCE, UNEMPLOYMENT, AND EMPLOYMENT IN SHARON: MONTHLY AVERAGES FOR 1971, 1975 AND 1981

(numbers in thousands)

	1971	1975	1981
PENNSYLVANIA INDUSTRIES, no. of wage and salaried jobs in:[a]			
Nonagricultural[a]	42.5	43.4	46.8
Manufacturing	19.5	17.2	16.2
Durable goods	18.4	16.2	15.1
Primary metal industries	8.6	6.3	7.7
Fabricated metal products	1.5	1.7	1.6
Electric and electronic equipment	5.1	4.6	2.8
Machinery, except elec. and trans. equip.	2.7	3.0	2.6
Other durable goods	0.6	0.6	0.5
Nondurable goods	1.1	1.0	1.1
Food and kindred products	0.6	0.6	0.7
Paper, printing, and publishing	0.3	0.2	0.2
Other nondurable goods	0.2	0.2	0.2
Nonmanufacturing	22.9	26.0	30.6
Mining	0.2	0.2	0.4
Contract construction	1.2	1.1	1.4
Transportation and public utilities	3.3	4.0	3.6
Wholesale and retail trade	7.5	8.3	9.5
Finance, insurance, and real estate	1.0	1.3	1.4
Services	5.8	7.0	8.8
Government	3.9	4.2	5.6
EMPLOYMENT OF PENNSYLVANIA RESIDENTS, no. of residents:			
Civilian labor force	48.8	51.4	55.7
Employed	45.8	46.3	50.9
Unemployed	3.0	5.0	4.8
Percent of civilian labor force	6.2	9.8	8.7

[a] Includes persons involved in labor-management disputes not included in figures for manufacturing and nonmanufacturing.

Source: Bureau of Employment Security, Pa. Dept. of Labor and Industry, annual reports.

U.S. Indexes
(1967 = 100)

	Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
Mar. 1981	265.1	152.1
Apr.	266.8	151.9
May	269.0	152.7
June	271.3	152.9
July	274.4	153.8
Aug.	276.5	153.3
Sept.	279.3	151.8
Oct.	279.9	149.6
Nov.	280.7	146.5
Dec.	281.8	143.4
Jan. 1982	282.5	139.1
Feb.	283.4	141.8
Mar.	283.1	141.5

Sources: Consumers' prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board.

Around the State

Southeastern Quarter

Harrisburg

Some of the best economic news in the state is coming out of the Harrisburg area these days. Not expansion — that isn't in the picture anywhere just now; but maintenance of a very high level of operation, and only minor recession damage.

In March — and to some extent throughout the first quarter — activity yielded a little to the pressures of national recession. Employment had peaked out in the third quarter of 1981 and dropped thereafter through January; but the effect has been merely to put employment at a point about 11 percent higher than it was in 1977 by March. It had ranged between 11 and 14 percent higher for a year and a half, so it is now merely at the low edge of its recent range.

Fortunately, the local labor force, while very large, did not continue to expand more than seasonally during the last quarter of 1981 and the first quarter of 1982. This permitted some improvement in unemployment. The very large gains in unemployment made from November to January did not persist, and the level by March was no higher than it had been in October and November. Harrisburg has had moderately increasing unemployment since about the third quarter of 1979; but the steep jump recorded from November to January is a bit suspect: It may have been a statistical fluke. The March record appears to be more realistic. Unemployment as a percentage of labor force is enviably low in this area, confirming that the current recession is spotty in its impact.

Local industries have, overall, held their job levels on a record high plateau for more than a year. Local factories were, indeed, hurt by the recession; but as a group they did not suffer anywhere nearly so much as was the case in some other areas. Furthermore, job losses associated with the recession stopped in 1981. During the first quarter of 1982, only the usual seasonal shifts occurred from month to month. The average workweek did dip in March, but on the whole has proved quite steady in recent months. Still, the low use of electricity in manufacturing reveals continued slack in steel production.

Jobs in local nonmanufacturing industries peaked in February. A negligible drop in March put them at their second highest seasonally adjusted point. This sector has maintained steady growth. Confirming the other indicators is a general briskness in business activity shown by growth in the dollar volume of checking account usage.

Not much change from present conditions is expected in coming months.

HARRISBURG AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	217.4	112	113	112
Unemployed, no. of residents	18.1	139	130	111
Civilian labor force, no. in	235.5	113	114	112
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	222.9	109	108	108
Nonmfg. only, no. jobs in	182.1	111	110	109
Mfg. only, no. jobs in	40.8	103	103	105
Hrs. worked by production workers in mfg., ave. weekly	38.9	98	99	103
Industrial electric power sales	***	96	100	105
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	10.0	***	***	***
Nonresidential bldg. contracts only	0.3	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 8.0	***	***	***
From same quarter, previous year	+ 38.6	***	***	***

[1]Cumberland, Dauphin and Perry Counties

Lancaster

Lancaster County's economy was rapped by the national recession during the first quarter of 1982, but only lightly.

After a mild loss of employment in the recession of 1980, the number of persons who live in the county and hold jobs rose to a new all-time peak in August 1981, one month after

the onset of the current recession. Between that month and January of this year employment dropped again, but not quite so low as it had in 1980. In February and March it stabilized. We won't know for a few months if this is all the recession damage Lancaster will suffer.

Toward the end of last year, the area's labor force was of maximum size; but for four months it has been shrinking. While unemployment was higher in the first quarter than ever before, the validity of the extremely high point reached in January is questionable. The area's unemployment rate remains one of the most favorable in Pennsylvania, although higher than it has been here typically in the past. Curtailment in the size of the labor force has helped keep it moderated.

Local nonmanufacturing industries — which, in 1981, accounted for more than 60 percent of local jobs — are maintaining job levels at or near their all-time highs. Local factories have reduced job offerings to the lowest point since the third quarter of 1977. They have been hurt somewhat more by the current recession than they were during the short recession of 1980.

This area is not likely to start to expand until the national economy begins to do so. Then, Lancaster County typically responds promptly. If it follows pattern, it will recover even its manufacturing job losses.

LANCASTER AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	166.9	108	111	110
Unemployed, no. of residents	15.8	176	144	119
Civilian labor force, no. in	182.8	112	113	111
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	149.6	108	109	108
Nonmfg. only, no. jobs in	92.4	112	112	111
Mfg. only, no. jobs in	57.2	102	105	104
Hrs. worked by production workers in mfg., ave. weekly	37.8	96	96	101
Industrial electric power sales	***	101	103	103
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	4.1	***	***	***
Nonresidential bldg. contracts only	4.0	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 4.7	***	***	***
From same quarter, previous year	+ 21.9	***	***	***

[1]Lancaster County

Philadelphia

The first quarter of 1982 saw some slackening in the economy of this metropolitan area, but it was selective.

Total employment had fallen from August to January; but in February and March it increased more than seasonally. If this situation persists for another month, it may signal that recession-incurred employment loss is pretty well over.

Although unemployment on average was worse in the first quarter than in the last quarter of 1981, it too improved in March, and the seasonally adjusted unemployment rate dropped to 8.7 percent, well under the state rate, which remained at 10.1 percent in both February and March.

Manufacturing activity in the area continues to get worse. Beginning last September, this industry sector lost jobs quite sharply month after month, and hasn't stopped yet. After each of the previous three recessions, factory job losses were regained to only a very small extent; it is unlikely that when the current recession is over it will be any different this time. In 1981, factories averaged 430,700 jobs a month, with a 40-hour workweek.

Other industries, however, are giving good job support to the community. This group has maintained its job level steady as a rock at or very close to an all-time peak, and has shown little or no recession damage. In 1981, nonmanufacturing industries averaged 1,494,100 jobs a month, or nearly 78 percent of jobs supplied by local firms. There was little change in the first quarter.

The dollar volume of checkbook usage, as judged by bank debits at commercial banks, suggests a moderate pace of business activity generally. In the months just ahead conditions here are not likely to vary considerably from what they are now.

PHILADELPHIA AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	1,955.4	105	106	108
Unemployed, no. of residents	199.7	111	103	86
Civilian labor force, no. in	2,155.1	105	106	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	1,888.7	104	104	106
Nonmfg. only, no. jobs in	1,475.0	108	108	109
Mfg. only, no. jobs in	413.3	93	95	97
Hrs. worked by production workers in mfg., ave. weekly	39.1	99	99	101
Industrial electric power sales				
Metropolitan area	***	97	99	101
Chester	***	98	98	103
Philadelphia	***	99	100	100
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	53.4	***	***	***
Nonresidential bldg. contracts only	111.0	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 1.9	***	***	***
From same quarter, previous year	+ 29.9	***	***	***

[1]Bucks, Chester, Delaware, Montgomery and Philadelphia counties, Pa.; Burlington, Camden and Gloucester counties, N.J.

Reading

After its excellent year in 1981, Berks County suffered some recession damage in the first quarter of 1982. Employment dropped from November through January, and after that remained at about the low point reached at the end of the recession of 1980. That point, however, meant that all gains made during the expansion years 1975-8 are being preserved. Unemployment increased considerably, and would have been worse had not a lot of people dropped out of the labor force. It peaked in size at the end of 1981, but declined enough in the first quarter of 1982 to return it to about the level of the first half of 1981. Even so, unemployment was bad enough to put the unemployment rate into double digits for the first time in more than a decade. After allowance for the usual first-quarter seasonal shifts, however, the rate was found to be declining in February and March.

Among local industries, the manufacturers decreased their job offerings for five months, after which the decline leveled off in March. But the drop was only slightly worse than it had been in the 1980 recession, after which it didn't take long to recover the lost jobs. Perhaps that will happen this time also. However, after earlier recessions either not all factory jobs were recovered or it took about three years to make up the losses.

Other local industries here, as in other areas, show very few effects of the recession on their aggregate job level, which is very close to an all-time high.

Reading is not likely to lose its unemployment problem soon. Should national conditions improve swiftly, which is unlikely, it still would be a matter of months before slack is taken up. But this area is far better off than a number of others in Pennsylvania in its impact from the "selective" recession we have now.

York

The economy of York and Adams counties continued to sag in the first quarter of 1982. Employment of people living in the area (some of whom commute out of it) declined, and by March was indexed at the lowest seasonally adjusted monthly point since December 1978. To date it has dropped further than it did in the brief 1980 recession, but not so far as in the rather severe recession of 1973-75. Unemployment increased, but in the latter part of the quarter moderated a little. Throughout the quarter it was higher in level than it has ever

READING AREA INDUSTRY JOBS

YORK AREA INDUSTRY JOBS

READING AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	142.2	106	109	108
Unemployed, no. of residents	17.2	176	166	133
Civilian labor force, no. in	159.4	110	113	110
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	136.7	105	106	105
Nonmfg. only, no. jobs in	84.8	107	107	106
Mfg. only, no. jobs in	52.0	101	104	103
Hrs. worked by production workers in mfg., ave. weekly	38.2	98	100	103
Industrial electric power sales	***	102	113	114
Construction contracts awarded (in millions of dollars):				
Residential contracts only	4.7	***	***	***
Nonresidential bldg. contracts only	1.7	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	− 6.8	***	***	***
From same quarter, previous year	+ 13.9	***	***	***

[1]Berks County

YORK AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	159.7	109	112	112
Unemployed, no. of residents	19.7	173	161	132
Civilian labor force, no. in	179.4	114	115	113
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	151.9	109	110	109
Nonmfg. only, no. jobs in	88.7	110	110	110
Mfg. only, no. jobs in	63.2	107	109	108
Hrs. worked by production workers in mfg., ave. weekly	40.0	98	98	99
Industrial electric power sales	***	94	104	102
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	2.8	***	***	***
Nonresidential bldg. contracts only	13.3	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 13.7	***	***	***
From same quarter, previous year	+ 71.3	***	***	***

[1]Adams and York counties

been in more than ten years and the unemployment rate was very feverish. The area labor force has had some uncharacteristic shrinkage in number, otherwise unemployment would have been worse.

Virtually all of the recent economic deterioration has come from the factories of the area. They held their jobs through most of the third quarter of last year, then began to lose them. However, the losses are mild compared with those in some other areas of Pennsylvania, and the level is only nominally below the low point of the 1980 recession. That means that most of the factory job gains made during the long expansion period of the mid-seventies have been preserved.

Jobs supplied by other types of local industries have held very stable. They reached an all-time peak in the last quarter of 1979; but two recessions have failed to do more than ease the level down a very little.

The use of checking accounts, as revealed by debits to demand deposits in commercial banks, suggests a pretty good pace of general business activity. In short, to date this area is holding a substantial amount of its previous gains in spite of the recession.

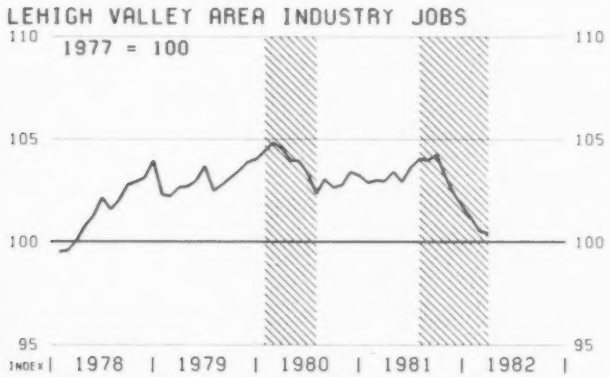
enough to suggest that a pretty good level of general business activity is being maintained. Probably there will be little change in overall conditions in the next two or three months; possibly a slight lift.

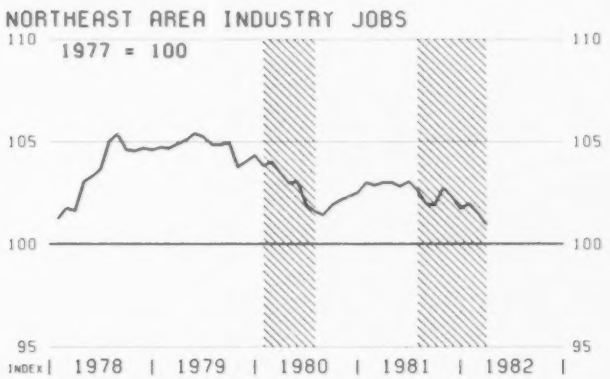
LEHIGH VALLEY AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	274.0	101	104	105
Unemployed, no. of residents	34.3	153	140	127
Civilian labor force, no. in	308.3	105	107	107
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	255.1	101	102	103
Nonmfg. only, no. jobs in	155.8	107	108	107
Mfg. only, no. jobs in	99.1	92	95	97
Hrs. worked by production workers in mfg., ave. weekly	38.3	101	101	101
Industrial electric power sales				
Metropolitan area	***	105	105	104
Allentown	***	95	98	95
Bethlehem	***	110	108	108
Easton	***	114	112	112
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	4.2	***	***	***
Nonresidential bldg. contracts only	2.0	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 8.4	***	***	***
From same quarter, previous year	+ 26.9	***	***	***

[1]Lehigh, Northampton and Carbon counties, Pa.; Warren County, N.J.

Northeastern Quarter





Allentown-Bethlehem-Easton

This metropolitan area lost some during the first quarter of 1982. Employment dropped, and unemployment rose. There was some reduction in the size of the labor force, as people stopped looking for jobs.

Local industries, both manufacturing and nonmanufacturing, have curtailed activities; but still their job level, in the aggregate, is as good as it was in 1978.

Although the current recession began last July, it was not until September that factories began to cut back on their jobs. The drop was sharp through February 1982; then for the first time it stopped. Other industries had not suffered job damage in the short recession of 1980, and they held the line through the third quarter of 1981. After that there was some moderate curtailment attributable to the present recession.

Use of checking accounts in commercial banks is brisk

Northeast Area

The economy of this three-county area is hanging in there, with the exception of factory activity. In this national "manufacturing recession," it continues to be badly hurt here, as in some other areas of Pennsylvania; and it is exerting some drag on the rest of the local economy.

But not much. Local industries on the whole have held their jobs much more steadily in the current recession, and in that of 1980, than they did in previous recessions. Last year the nonmanufacturing industries as a group averaged about 170,233 jobs a month; in the first quarter of 1982, they averaged 165,700, for a loss of 4,500 or about 2.6 percent. After allowance for the usual seasonal shrinkage at that time of year, this leaves the job level squarely in the same high range it has held for nearly four years. And more than 71 percent of local industry jobs fall in this group.

Total employment of area residents, which had declined from March 1981 through January 1982, in February and March showed some tendency to level off. The employment level still is as good as it was in the final quarter of 1978.

Throughout the first quarter of this year, unemployment improved. Because January was exceptionally high, the quarterly index was higher than in the fourth quarter of last year. But there was a reduction in the actual number of people hunting jobs and also in the percentage of labor force they represented. The level of unemployment remains undesirably high; and it is higher than it was in the 1980 recession. It has not yet, however, leaped in the fashion it did during the recession of 1973-5.

The national recession is by no means over (or, at least we won't recognize that it is for a few months); and this area is not going unscathed. At least a considerable cushion of activity is still being maintained here, which was not true of much of this area's past history.

NORTHEAST AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents:				
Northeast metropolitan area	250.2	103	104	106
Lackawanna County only (Scranton)	89.0	100	101	103
Luzerne County only (Wilkes-Barre/Hazleton)	134.0	102	104	105
Unemployed, no. of residents:				
Northeast metropolitan area	35.3	121	117	109
Lackawanna County only (Scranton)	11.9	116	105	107
Luzerne County only (Wilkes-Barre/Hazleton)	19.9	123	123	108
Civilian labor force, no.:				
Northeast metropolitan area	285.5	105	106	106
Lackawanna County only (Scranton)	100.9	101	101	103
Luzerne County only (Wilkes-Barre/Hazleton)	154.0	105	106	106
Local industries, Northeast metropolitan area (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	232.2	102	102	103
Nonmfg. only, no. jobs in	165.7	105	105	106
Mfg. only, no. jobs in	66.4	94	96	97
Hrs. worked by production workers in mfg., ave. weekly	37.2	103	103	100
Industrial electric power sales:				
Northeast metropolitan area	***	100	102	100
Lackawanna County only (Scranton)	***	98	101	102
Luzerne County only (Wilkes-Barre/Hazleton)	***	97	98	95
Hazleton	***	93	91	87
Wilkes-Barre	***	90	91	97
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	5.9	***	***	***
Nonresidential bldg. contracts only	0.5	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	− 0.1	***	***	***
From same quarter, previous year	+ 14.1	***	***	***

[1]Lackawanna, Luzerne and Monroe counties

Williamsport

As was to be expected, the economy of Lycoming County sagged in the first quarter of 1982, after holding up very well in 1981. By March, total employment of people who live in the County was down to its lowest seasonally adjusted point since the end of the 1980 recession. Unemployment was worse, on average, in the first quarter than it had been; but by March it too was dropping, in response to some slight shrinkage in the size of the area's labor force.

Ever since September 1980, local industries have maintained a very steady job level. Gains made during 1978 and 1979 had been lost, but no more than that. The nonmanufacturing industries are still holding steady, with only mild softening, at a very good level. Factories, on the other hand, have lost jobs here as in other areas. The interesting aspect to this loss is that the worst of it took place from the second quarter of 1979 through the third quarter of 1980, as much in response to high interest rates as to recession *per se;* and while they have not regained those losses, they have lost very little more. Ever since the fourth quarter of 1980 the factory job level has fluctuated within a very narrow range at low level. So the first-quarter '82 job losses in this sector did not budge the seasonally adjusted

WILLIAMSPORT AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	46.0	101	102	102
Unemployed, no. of residents	7.2	142	137	132
Civilian labor force, no. in	53.2	105	106	105
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	45.6	100	100	100
Nonmfg. only, no. jobs in	29.7	106	107	108
Mfg. only, no. jobs in	15.9	91	91	89
Hrs. worked by production workers in mfg., ave. weekly	39.7	102	102	101
Industrial electric power sales	***	96	98	101
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	0.3	***	***	***
Nonresidential bldg. contracts only	0.0	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	− 11.6	***	***	***
From same quarter, previous year	+ 22.4	***	***	***

[1]Lycoming County

quarterly index. It does not appear that output is very high, however. Changes in the average factory workweek have not matched seasonal practice, nor has use of electricity for production.

Checking account usage, as measured by debits to demand deposits at commercial banks, does not suggest a very vigorous pace of general business activity at present.

So far, the recession damage to Williamsport is far less severe than was the damage done in 1979 and 1980 by reaction to high interest rates; but this area does not react quickly to turns in the national business cycle, and may continue in its present condition for several months.

Northwestern Quarter

Erie

Erie County is sharing the fate of the neighboring state of Ohio and other Great Lakes Basin industrial areas in the current recession. A month after this recession commenced, total employment in Erie County began to decline and continued to do so in the first quarter of this year. By March, it was indexed at the lowest seasonally adjusted point since the first quarter of 1977.

Local industries leveled off their job offerings in 1979, more than a year before the onset of the recession of 1980. They cut back sharply in that year, then leveled off again in early 1981, before starting a decline in August that only recently stopped.

Unemployment has been rising rather sharply in this area, with very wide month-to-month fluctuations, ever since the start of 1978. In the first quarter of 1982 it peaked in February, and fell only slightly below that mark in March.

Both of the major types of local industry — manufacturing and nonmanufacturing — have had job losses. The former have been especially hard-hit and by March had fallen to the lowest seasonally adjusted point since December 1969. The latter have been declining very slowly since the first quarter of 1979, and for about six months have shown a tendency to level off at last.

National conditions have not changed in Erie's favor. Until they do, the present situation will probably persist.

ERIE AREA[1]

	Ave. mo. value 1 Q. '82	Average monthly index seas. adj. (1977 = 100) 1 Q. '82	4 Q. '81	1 Q. '81
Employment (in thousands)				
Employed, no. of residents	108.2	100	102	104
Unemployed, no. of residents	15.0	154	138	130
Civilian labor force, no. in	123.2	104	105	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	106.9	99	99	101
Nonmfg. only, no. jobs in	66.6	102	102	105
Mfg. only, no. jobs in	40.2	95	95	96
Hrs. worked by production workers in mfg., ave. weekly	40.3	98	100	99
Industrial electric power sales	***	83	105	102
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	2.6	***	***	***
Nonresidential bldg. contracts only	2.2	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	− 0.8	***	***	***
From same quarter, previous year	+ 6.8	***	***	***

[1]Erie County

Southwestern Quarter

Altoona

Last year was not a good one for Blair County, and this year is so far more of the same. During the first quarter, total employment continued to decline, reaching its lowest point in January since the end of the 1973-75 recession. The employment loss had been only half as bad in the brief 1980 recession.

However, the labor force continued to decline in size, which helped to curb unemployment. The extremely high record for unemployment in January, and for the unemployment rate, is somewhat doubtful, given the unreliability of data for areas as small as Blair County; but there is no question that unemployment is a serious problem here, as it has been for nearly two years. By the end of the first quarter, unemployment had subsided to the range in which it had fluctuated during the last half of 1981.

Local industries of both manufacturing and nonmanufacturing types have contributed to the decline in

conditions. The latter industries peaked in the third quarter of 1978 and have drifted down ever since, although ever so slightly in the first quarter. Factories took a sharp drop between July (the start of the current recession) and January. On balance, the local industry job level fell to about the same low point reached at the end of the 1973-5 recession.

By the end of the first quarter, there were some signs that perhaps the declines were leveling off. While the labor force continued to decline (all things considered, a plus for the area in these times), employment improved a little, unemployment declined some, factory jobs picked up a bit, and other industries had only their usual seasonal month-to-month changes. Checking accounts were being used actively enough to suggest a fair pace of business generally. But it will take at least a couple of more months of similar behavior before we can be reasonabiy sure that the worst of the storm is over.

ALTOONA AREA[1]

	Ave. mo. value 1 Q '82	Average monthly index seas. adj. (1977 = 100) 1 Q '82	4 Q '81	1 Q '81
Employment (in thousands)				
Employed, no. of residents	48.6	96	99	99
Unemployed, no. of residents	8.7	186	179	165
Civilian labor force, no. in	57.3	103	104	104
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	47.5	95	96	97
Nonmfg. only, no. jobs in	35.7	96	96	99
Mfg. only, no. jobs in	11.8	92	95	92
Hrs. worked by production workers in mfg., ave. weekly	38.6	101	102	100
Industrial electric power sales	***	91	98	99
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	0.5	***	***	***
Nonresidential bldg. contracts only	0.6	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+12.9	***	***	***
From same quarter, previous year	+31.5	***	***	***

[1]Blair County

Johnstown

A rather important point to be made about the performance of the economy of the Johnstown area in the early part of this year is that the area's nonmanufacturing industries are holding their job level. Throughout the second half of 1981, after the onset of the current recession, they experienced only the usual seasonal changes from one month to the next, and did not show recession damage. During the recession of 1980 (and for six months before its onset) they had reduced job offerings. During the first quarter of 1982 they improved a trifle, briefly, especially in February. While some more jobs were added in March, they didn't quite match seasonal expectations.

The local nonmanufacturing industries of the area in 1981 accounted for nearly 80 percent of local jobs. Manufacturing jobs represent about one-fifth of the job offerings. These figures are roughly in line with the United States, for which the percentages in the same year were 77.8 and 22.2 percent respectively. Pennsylvania, in contrast, had only 72.2 percent of its jobs in nonmanufacturing industries and 27.5 percent in manufacturing. Traditionally a manufacturing area, Johnstown has reached its present proportions through the severe wringing out it has taken during the present recession, which has been described as a "manufacturing recession."

The net effect of the recession on local and nearby industries has been to drop employment of residents to one of the lowest points in recent years in January. The rest of the first quarter showed some leveling off in the decline. It is beginning to look as if local conditions may be steadying; but we won't know for sure for two or three more months. Unemployment is undeniably bad here, and recent improvement is largely the result of people ceasing to hunt for work. No large-scale improvement in steel or other durable goods industries is expected in the near future, and so not much hope can be held out for Johnstown's fortunes to improve in this respect. This area is one of the hardest hit in Pennsylvania by this recession. Just possibly it can hold its present level of operations until more strength develops in the national economy.

JOHNSTOWN AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	88.1	92	95	98
Unemployed, no. of residents	17.7	149	140	125
Civilian labor force, no. in	105.9	98	99	100
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	79.0	92	92	96
Nonmfg. only, no. jobs in	63.7	99	98	100
Mfg. only, no. jobs in	15.3	73	76	84
Hrs. worked by production workers in mfg., ave. weekly	35.8	92	94	95
Industrial electric power sales	***	125	120	103
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	4.0	***	***	***
Nonresidential bldg. contracts only	4.2	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 6.2	***	***	***
From same quarter, previous year	+ 33.7	***	***	***

[1]Cambria and Somerset counties

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Pittsburgh

The current recession and the plight of the steel industry are taking their toll of Pittsburgh's economy. The area had held up quite well in 1981 in spite of recession and steel; but by the end of that year the area could not longer hold out against national downturn. In the first quarter of 1982, particularly in March, the recession really hurt.

In March, total employment dropped to its lowest seasonally adjusted point since January 1978. Unemployment maintained a seasonally adjusted unemployment rate just short of double digits each month in the first quarter. Still, it was better than that for Pennsylvania.

Among local industries, factories took the brunt of the recession damage. Layoffs of workers began last August, and have plunged the job level to a record low point [illegible] average week worked by those who remain on the job is the shortest it has been (after allowance for the usual seasonal shifts) since the recession of 1980. Factory output, as judged by the use made of electricity for production, by March had fallen to its lowest point since the first quarter of 1978.

Use of checking accounts in commercial banks — a measure of general briskness in business conditions — reflect trouble in the local economy. There was an actual decline in dollar volume during the first quarter, compared with the last quarter of 1981; and volume was up by little more than the rate of inflation from the first quarter of 1981.

Even so, local industries other than manufacturing are providing good, solid support to Pittsburgh's economy. They provide three jobs for every factory job, and they have taken very little recession damage. If month-to-month additions to the job total in the first quarter did not quite match seasonal practice, they nevertheless are holding very close to the record high plateau maintained since 1979.

PITTSBURGH AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	910.1	102	105	106
Unemployed, no. of residents	109.9	155	135	112
Civilian labor force, no. in	1,020.0	106	107	107
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	902.5	100	102	103
Nonmfg. only, no. jobs in	684.3	106	107	106
Mfg. only, no. jobs in	214.1	86	92	96
Hrs. worked by production workers in mfg., ave. weekly	39.4	96	98	100
Industrial electric power sales	***	89	99	106
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	26.4	***	***	***
Nonresidential bldg. contracts only	61.7	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	− 0.9	***	***	***
From same quarter, previous year	+ 11.8	***	***	***

[1]Allegheny, Beaver, Washington and Westmoreland counties

State College

It took until March for a recession that began in July 1981 to register visible overall effects on Centre County's economy. In that month total employment dropped after a two-month rise, and it fell to the lowest point since January 1981. At the same time unemployment failed to take its seasonal decline, although it did decline some. Therefore it was indexed at a higher (worse) level than it would have been had only the usual seasonal shifts prevailed.

Firms located in the County showed some recession damage in their job offerings. While they cut back some during the first quarter, on average it was a light loss for the time of year, and, in fact, the quarterly job index rose a notch. In March, however, there were more cutbacks and they could not be accounted for by the usual seasonal shifts. Most of the problem was in manufacturing.

Other industries did not pick up in spring quite as usual, but their job level has remained very steady and good.

It's a bit much to expect county activity to pick up briskly; but damage can be expected to remain minor.

STATE COLLEGE AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	42.6	109	110	110
Unemployed, no. of residents	4.1	160	146	129
Civilian labor force, no. in	46.7	112	112	111
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	43.5	108	107	107
Nonmfg. only, no. jobs in	36.4	107	106	107
Mfg. only, no. jobs in	7.1	111	111	104
Industrial electric power sales	***	94	95	98
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	2.8	***	***	***
Nonresidential bldg. contracts only	3.1	***	***	***

[1]Centre County